

NM OIL CONS. COMMISSION
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Collins & Ware, Inc. ✓

JAN 27 1994

3. ADDRESS AND TELEPHONE NO.

303 W.Wall, Ste. 2200, Midland, TX 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1650' FWL & 810' FNL

At proposed prod. zone same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

11 miles SE/ Carlsbad, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 810

16. NO. OF ACRES IN LEASE

320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

1300'

19. PROPOSED DEPTH

6600

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3183.4 GL

Carlsbad, NM

23.

PROPOSED CASING AND CEMENTING PROGRAM

R-111-8

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" J55	54.5	350	475 sx./surf.
11"	8 5/8" J55	24&32	2700	600 sx./surf.
7 7/8"	5 1/2" J55	15.5	6600	900 sx. - SEE STIPS.

Operator proposes to drill to the Delaware formation to test for possible commercial production of oil. If productive a 5.5" production string of casing will be run to TD. If non-productive, the well will be P&A'd in a manner consistent with Federal and State regulations and according to good engineering practice. Specific programs according to Onshore Oil & Gas Order #1 are outlined in the following attachments:

1. Well Location and Acreage Dedication Plat
2. Drilling program
 - Exhibit 1 - BOP and Choke Manifold
3. Surface Use and Operating Plan
 - Exhibit 2 - Existing Roads
 - Exhibit 2A - Planned Access Roads
 - Exhibit 3 - One Mile Radius Map w/ Lease Boundaries
 - Exhibit 3A - Well Status
 - Exhibit 4 - Drilling Rig Layout
 - Exhibit 5 - Production Facilities (proposed)

Approved by _____

Posted ID-1, NL
1-28-94

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24

SIGNED Max Guerry

TITLE Regulatory Mgr.

DATE 10-29-93

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

Edwin L. Roberson

TITLE

Acting State Director

DATE

1-26-94

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

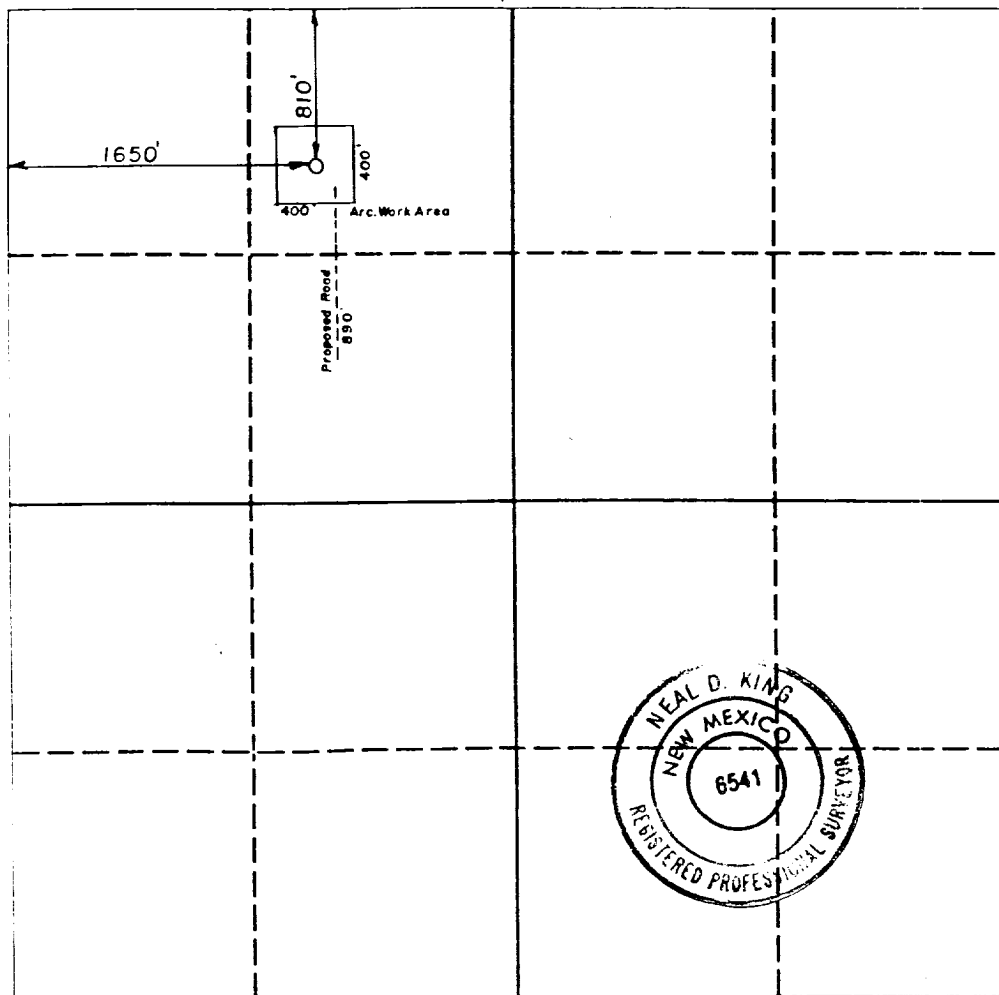
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Collins and Ware Inc.			Lease Quahada Ridge "31" Fed.		Well No. 7
Unit Letter C	Section 31	Township 22 South	Range 29 East	County NMPM	Eddy
Actual Footage Location of Well: 1650 feet from the West line and 810 feet from the North line					
Ground level Elev. 3183.4	Producing Formation Delaware	Pool Herradura Bend, East		Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Max Guerry

Position

Regulatory Mgr.

Company

Collins & Ware, Inc.

Date

10-29-93

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

10/8/93

Signature & Seal of
Professional Surveyor

Neal D. King
Certificate No.

6541



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

DRILLING PROGRAM

COLLINS & WARE, INC.
QUAHADA RIDGE "31" FEDERAL # 7
810' FNL & 1650' FWL, UNLTR C, Sec. 31, T22S, R29E
EDDY COUNTY, NM

The following information is filed in accordance with Bureau Of
Land Management Rules and Regulations:

1. SURFACE FORMATION: Quaternary

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Delaware 2930'
Cherry Canyon 3780'
Bone Springs 6440'

3. ESTIMATED DEPTH TO FRESH WATER:
Possible fresh water 100'-300'

ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Delaware (below 2900')
No other formations are anticipated to give up commercial
quantities of hydrocarbons.

The fresh water sands will be protected by setting 13 3/8"
casing at 350' and circulating cement back to surface. First
intermediate 8 5/8" casing will be set at 2700' and cement
circulated back to surface. The 5 1/2" production string will be
set at 6600' and cement circulated back to surface.

4. PROPOSED CASING AND CEMENTING PROGRAM:

Casing Hole Size	Interval	Casing OD	WT., Grade, Joint, Condition
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17.5"	0-350'	13 3/8"	54.5#, J-55, ST&C, New & Used
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11.0"	0-2700'	8.5/8"	24# J-55, ST&C, New : 1600'-24# ; 1100'-32# / FT.
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7.875"	0-6600'	5 1/2"	15.5#, J-55, LT&C, New
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Cement:

13 3/8" Surface Csg.: Cemented with 475 sacks of Class "C"
with 2% CaCl. Circulate cement.

8 5/8" First Intermediate : Cemented with 600 sacks of 50-50
Pozmix cement tailed in with 225 sacks of Class "C" with 2%
CaCl. Cement to circulate.

5 1/2" Prod. Csg.: Cement 1st stage with 500 sacks of 50/50 POZ 'H' cement,
w/ DV tool @ 4200' +/- Cement 2nd stage with 400 sacks of 50/50 POZ 'H'; tie
back 500' into Intermediate.

5.PRESSURE CONTROL EQUIPMENT:

Blowout prevention equipment, while drilling below surface casing will be a 3000 psi working pressure BOP stack. The BOP sketch is shown as Exhibit 1.

6.CIRCULATING MEDIUM:

Surface to 350': Fresh water spud mud: viscosity 30 to 33 as required for hole cleaning, 8.5-8.8#/gal.

350' to 1650': Brine water with lost circulation material as required, 28-30 viscosity, pH 9-10, weight 9.5-10#/gal.

1650'to TD: Cut brine system circulating reserve pit. Weight 8.6-9#, ph 9-10, viscosity 28-32, with mud sweeps as required. Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

7.AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- A. An upper kelly cock will be used.
- B. The drilling fluids system will be visually monitored at all times.
- C. A mud-logging unit will monitor drilling penetration rate and hydrocarbon shows from somewhere below the intermediate casing. (tentative)

8.TESTING, LOGGING, AND CORING PROGRAMS:

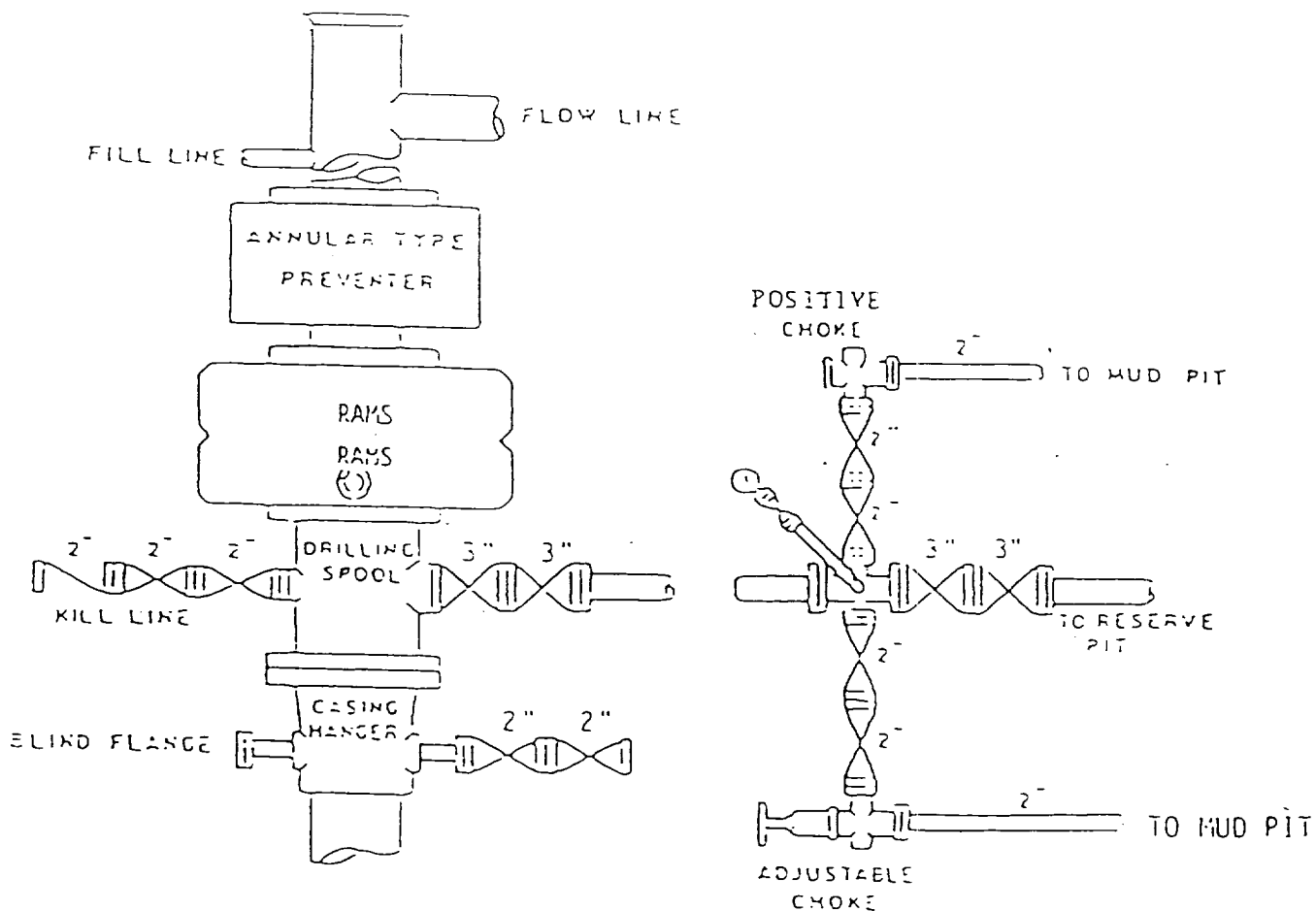
- A. No drill stem tests are planned.
- B. Compensated Neutron/LDT Log - GR and Dual Laterolog w/ MSFL. The Gamma Ray Log will be continued back to surface.
- C. Mud-logging unit will be used below 2700'.
- D. A set of sidewall cores is anticipated.
- E. Other testing procedures may be used after the production casing has been set depending on shows and other testing indicators.

9.ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES, & POTENTIAL HAZARDS:

No abnormal pressures or temperatures are anticipated. The estimated bottom-hole temperature (BHT) at TD is 90F and the estimated maximum bottom hole pressure (BHP) is about 1400 psi. No hydrogen sulphide (H₂S) or other hazardous fluids are known to exist at this depth and area. No lost circulation zones are anticipated.

10.ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence shortly after approval of this application, with drilling and completion operations lasting about 30 days. A decision as to design and installation of permanent facilities will be made after adequate testing.



BOP STACK

3000 PSI WORKING PRESSURE

IN USE WHILE DRILLING BELOW
 SURFACE ~~8250'~~ CASING SEAT
Adm

SURFACE USE AND OPERATIONS PLAN
FOR
COLLINS & WARE, INC.
QUAHADA RIDGE "31" FEDERAL WELL NO. 7
810' FNL & 1650' FWL, C, Sec. 31, T22S, R29E
EDDY COUNTY NM

LOCATED: 11 miles SE of Carlsbad, NM.

FEDERAL LEASE NUMBER: NM-61349

ACRES IN LEASE: 320

TERM: HBP

LESSEE: Collins & Ware, Inc.

SURFACE OWNERSHIP: Federal

GRAZING PERMITEE: Henry Grandi
Box 898
Carlsbad, NM 88221 505-236-6401

POOL: Happy Valley (Delaware)

POOL RULES: SWR: 40 acre spacing for oil.

EXHIBITS: 2. Existing roads
2A. Planned access roads
3. One-Mile Radius Map showing lease boundary and wells
3A. Well Status
4. Drilling Rig Layout
5. Production Facilities Layout

1. EXISTING ROADS:

- A. Exhibit #2 is a portion of a map showing the location of the proposed well as staked.
- B. Exhibit #2A is a topo map showing existing pertinent roads in the vicinity of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The lease road to be constructed will be about 700' +/- long and about 12' wide.
- B. Surfacing Material: Caliche, watered, compacted and graded.
- C. Maximum Grade: Less than one per cent (1%).
- D. Turnouts: None necessary.
- E. Drainage Design: Any new road will be crowned with drainage to the side.
- F. Culverts: None needed.
- G. Gates and Cattleguards: None will be necessary.
- H. Cuts and Fills: Very little necessary.
- I. Existing access roads to the proposed wellsite will be used in their present state. Off-lease access approval will be executed under the Quahada Fed. # 6 location.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one-mile radius are shown on Exhibit #3. There are no disposal, injection, and/or observation wells.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Necessary production facilities for this proposed well is shown in Exhibit #5.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is not planned that a water supply well will be drilled. Water necessary for drilling operations will be purchased from commercial water stations, and will be moved to the well site by truck.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche needed for construction work will be taken from commercial sources located in the area.

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits. After the well is permanently placed on production, produced water will be collected in fiberglass or steel tanks until hauled by transport to an approved disposal system.
- D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be stored in a covered, above-ground container. All waste material will be contained to prevent scattering by the wind. Location of the trash container is shown on Exhibit #4. No toxic waste or hazardous chemicals will be produced by this operation. The container will be emptied when full and taken to an authorized disposal facility.

F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations. No adverse materials will be left on location. The unused portion of the well site will be leveled and restored to BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

G. If required, a portable, chemical toilet will be provided on the location for human waste during the drilling and completion operations.

8. ANCILLARY FACILITIES:

A. No airstrip, campsite, or other facilities will be built as a result of the operations of this well.

9. WELL SITE LAYOUT:

A. Exhibit #4 shows the relative location and dimensions of the well pad, mud pits, reserve pit, and the location and orientation of major drilling rig components. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling and completion operations.

B. Clearing and leveling of the well site will be required. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. No major cuts will be required.

C. The pad and pit area are staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed from the well site. The location will also be levelled and cleaned of all trash and junk, to leave the well site in an as aesthetically pleasing condition as possible. Any part of the pad not needed for production facilities will have the top soil replaced and reseeded.

B. Unguarded pits containing fluids, if any, will be fenced.

C. After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned. Any special rehabilitation requirements of the surface management agency will be complied with and accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography - The land surface in the area is fairly level.

In the immediate area of the well site, land slope is gentle down to the east.

B. Soil - Top soil at the well site is a loamy sand with some minor dune development.

C. Flora and Fauna - The vegetation cover is medium and includes mesquite, shinnery oak, sand sage, plains yucca, various weeds, and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and streams - No lakes, ponds, or streams are in the area.

E. Residences and other structures - There are no occupied dwellings or other structures, other than oil field related equipment, within a mile of the proposed well site.

F. Archaeological, historical, and cultural sites - None observed. However, an archaeological reconnaissance will be done and a report furnished.

G. Land use - Oil and gas production, grazing and wildlife habitat.

H. Surface ownership - Federal with a grazing lease.

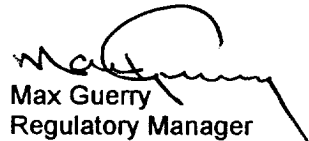
12.OWNER'S REPRESENTATIVE:

Max Guerry
Collins & Ware, Inc.
303 W. Wall, Ste. 2200
Midland, TX 79701
Tel: 915-687-3435

13.CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Collins & Ware, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of U. S. C. 1001 for the filing of a false statement.

Date: 10-29-93


Max Guerry
Regulatory Manager

☐

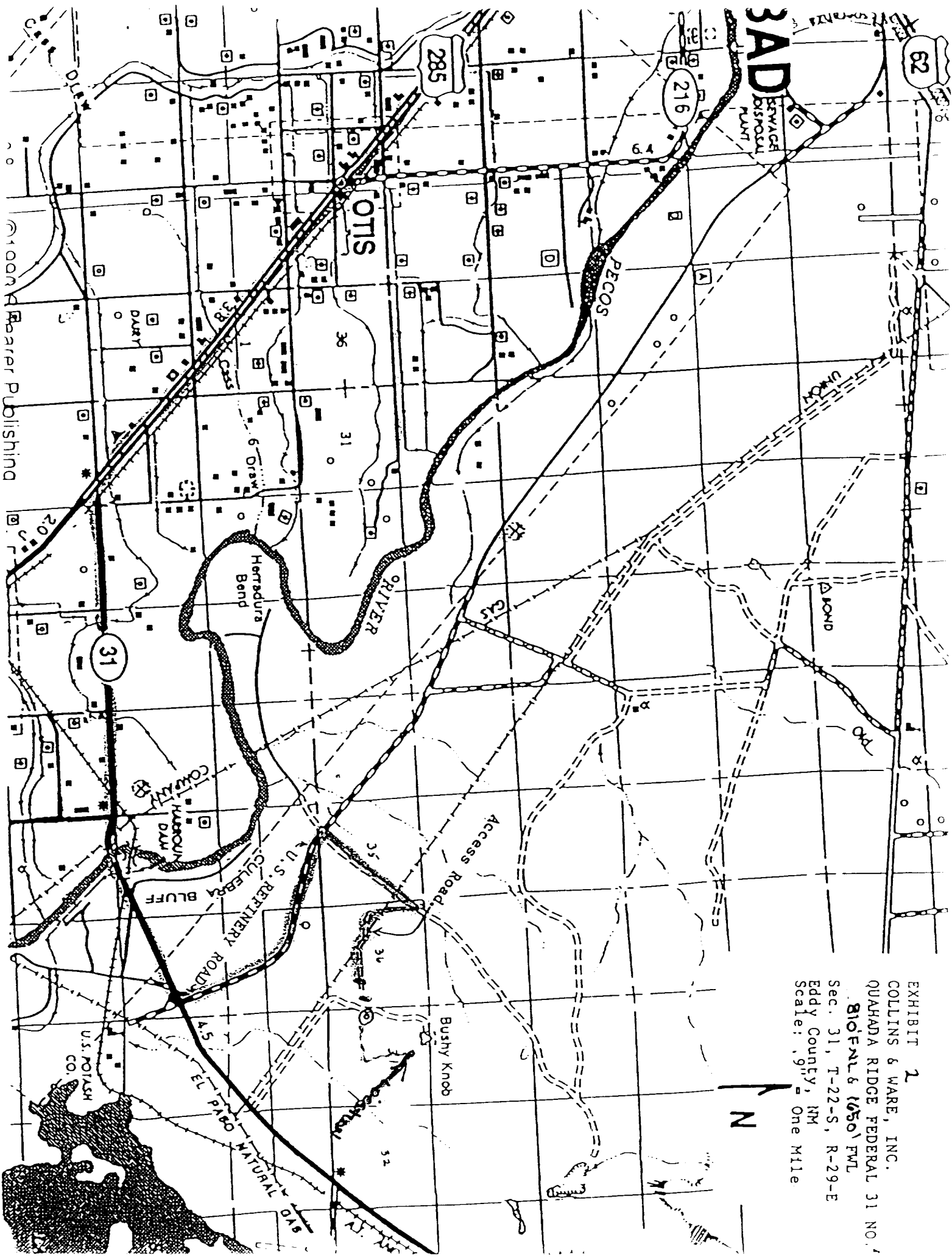


EXHIBIT 2
 COLLINS & WARE, INC.
 QUAHADA RIDGE FEDERAL 31 NO. 1
 BIOFNL 6 1650 FWL
 Sec. 31, T-22-S, R-29-E
 Eddy County, NM
 Scale: 1" = One Mile

QUANADA

3203T
2-220

T225 R29E
EDDY CO. NM.

x3228T

x315

x3186T

3170T

x316

Refinery Bushy

Knob

3212T

560 FNL
330 FNL

810' FNL
1450 FNL

2
3144T
1180 FNL
330 FNL

3150
1700 FNL
1450 FNL

2310 FSL

2310 FSL
1450 FNL

990 FSL
330 FNL

990 FSL
1450 FNL

x3142T

x3126T

x3141T

2-219
3109T
DH

x3125T

3118T

QUANADA RIDGE

T22 S R29 E
EDDY Co. N.M.

x3117T

3100

3107

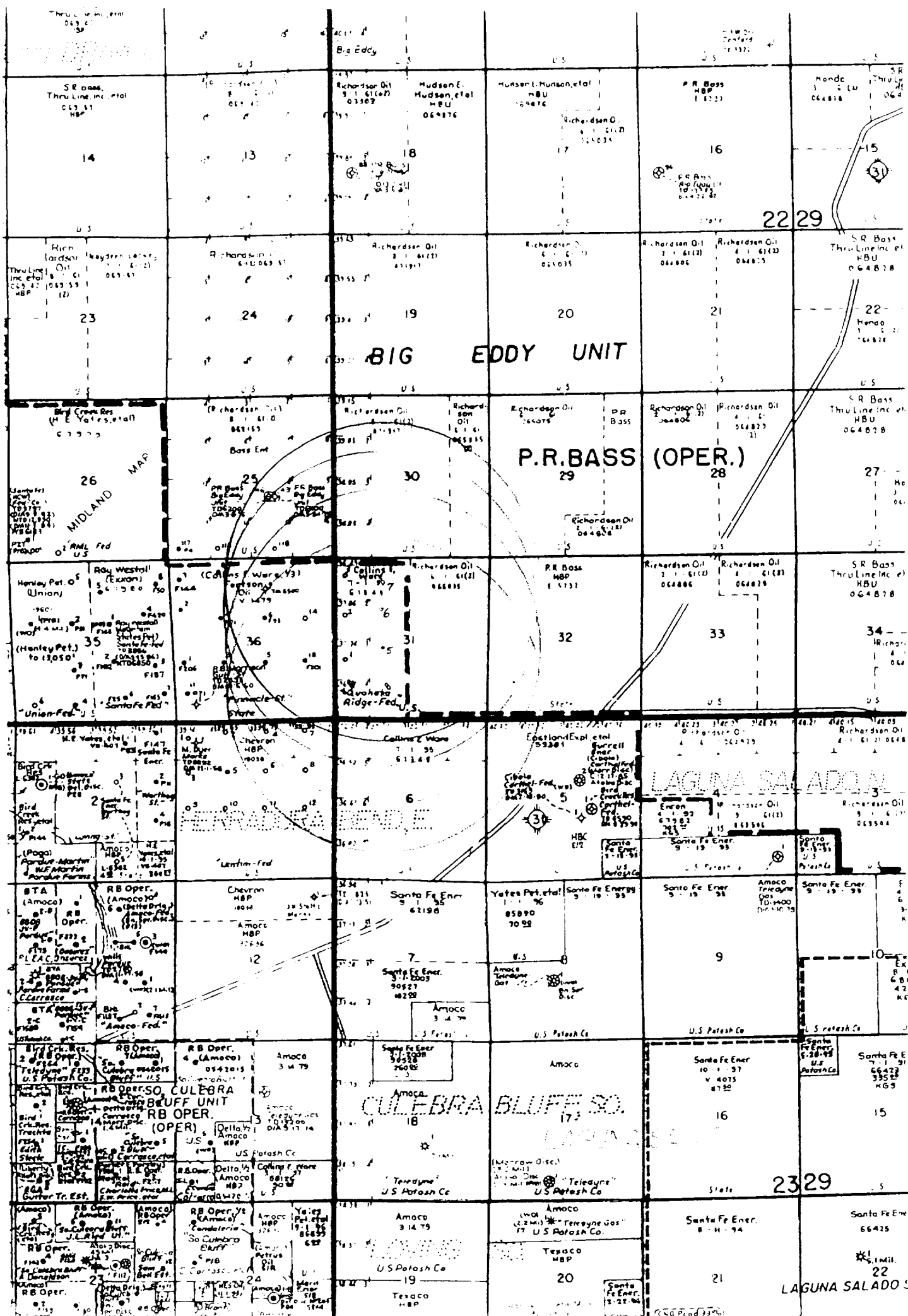


EXHIBIT NO. 3A

STATUS OF WELLS WITHIN ONE-MILE RADIUS
Collins & Ware Quahada Ridge Federal 31 No. 7 Well
Sec. 31, T22S, R29E, Eddy County, NM

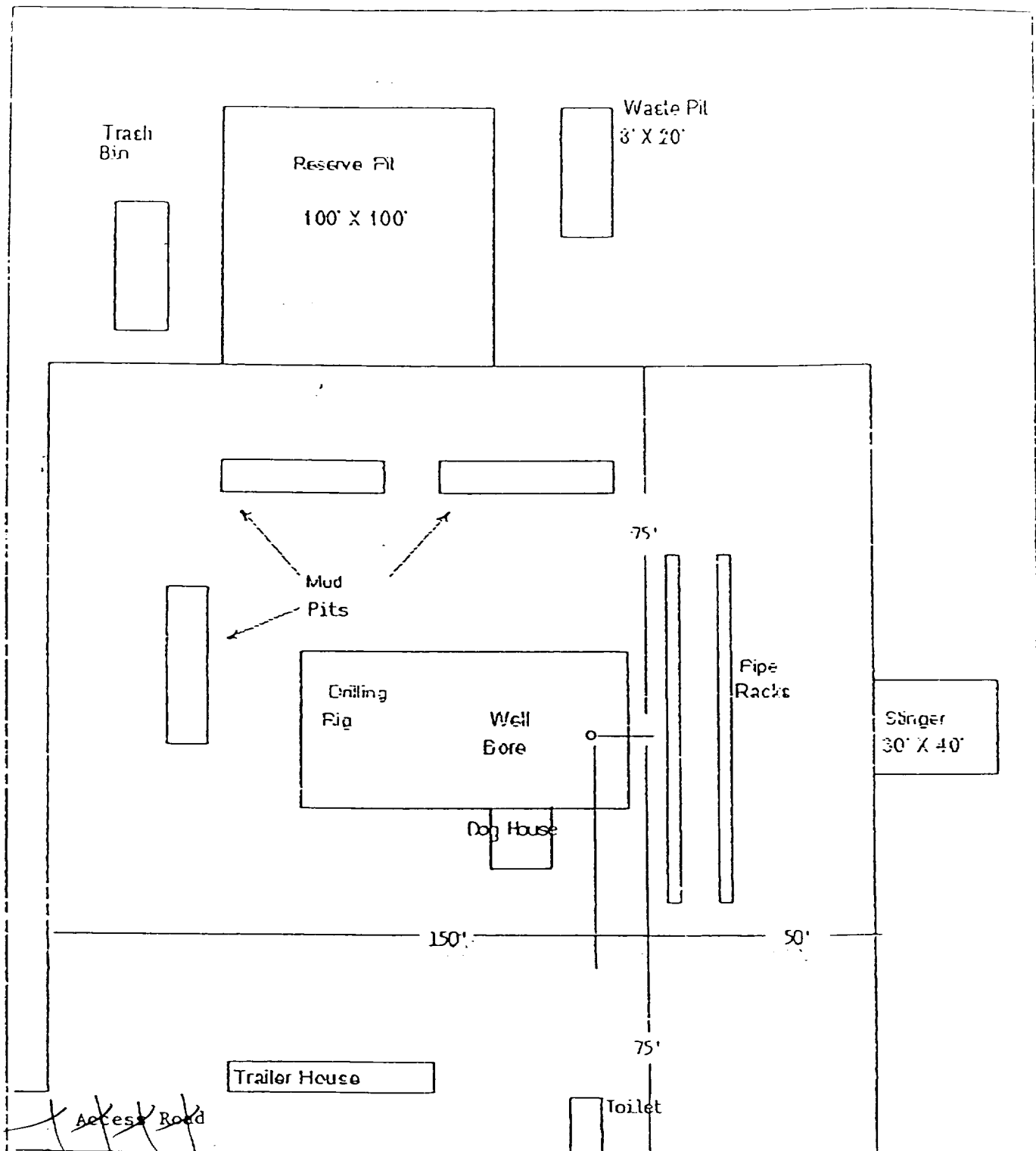
T22S, R28E

Sec. 25

Bass Big Eddy Unit	# 43	1950' FS	1850' FE	N/A
	# 46	1950' FS	2050' FW	N/A

Sec. 36

Forstson Pinnacle St.	# 5	1980' FS	2310' FE	Herradura Bend E.	Delaware
	# 6	1980' FN	2310' FE	"	"
	# 10	1980' FS	990' FW	"	"



Area Archaeologically Cleared
400' X 400'

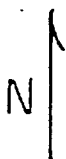
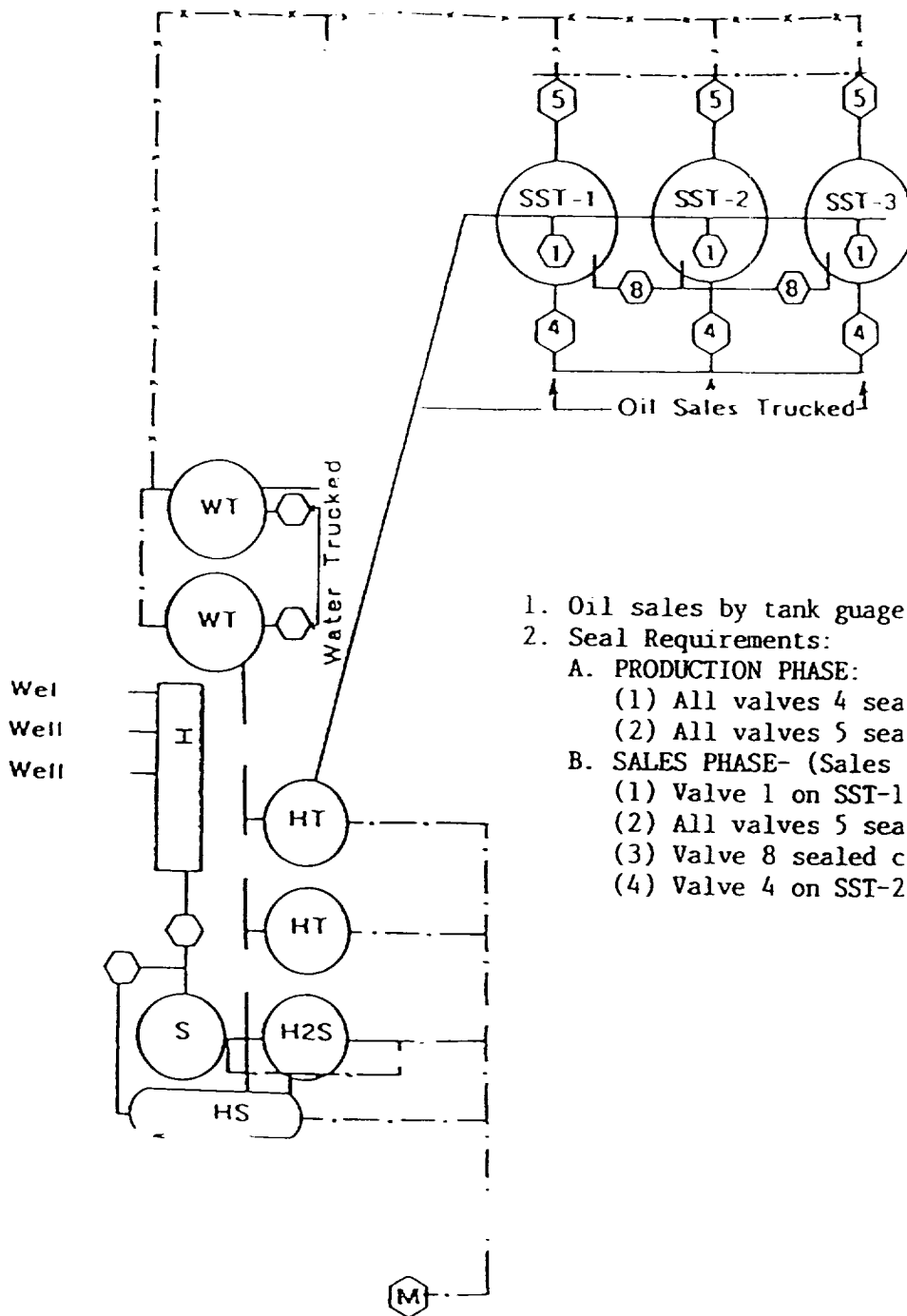


EXHIBIT #4
DRILLING RIG LAYOUT
COLLINS & WARE, INC.
QUAHADA RIDGE FEDERAL 31 NO. 7
SCALE: NONE



1. Oil sales by tank guage to tank truck
2. Seal Requirements:
 - A. PRODUCTION PHASE:
 - (1) All valves 4 sealed closed
 - (2) All valves 5 sealed closed
 - B. SALES PHASE- (Sales from SST-1)
 - (1) Valve 1 on SST-1 sealed closed
 - (2) All valves 5 sealed closed
 - (3) Valve 8 sealed closed
 - (4) Valve 4 on SST-2 sealed closed

PRODUCTION SYSTEM Open
 SITE FACILITY DIAGRAM Collins & Ware, Inc.

Collins & Ware, Inc.
 303 W. Wall, Ste. 2200
 Midland, TX 79701
 915-687-3435
 LOCATION OF SECURITY PLAN

Exhibit 5